

SETTLEMENT OF LEND-LEASE, RECIPROCAL AID, AND INTERGOVERNMENTAL CLAIMS

Agreement signed at Washington July 12, 1948

Entered into force July 12, 1948

62 Stat. 2034; Treaties and Other
International Acts Series 1770

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF THE UNITED KINGDOM REGARDING SETTLEMENT OF LEND-LEASE AND RECIPROCAL AID ACCOUNTS AND INTERGOVERN- MENTAL CLAIMS

The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland have reached agreement as set forth below regarding settlement of lend-lease and reciprocal aid accounts and certain financial claims of each Government against the other. This Agreement modifies and supplements the specific agreements between the two Governments signed on March 27, 1946,¹ which implemented the Joint Statement of December 6, 1945² regarding settlement for lend-lease, reciprocal aid, surplus war property, and claims.

1. Offsetting Arrangement

The two Governments agree that the net amount to be paid by the Government of the United Kingdom to the Government of the United States in final discharge of the obligations of each Government to the other under the Agreement on Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangement (Agreement I of March 27, 1946) and under this Agreement is \$90,446,911. This amount replaces the estimate of \$118,000,000 used in paragraph 3(a) of the Joint Statement of December 6, 1945 and in Section E of Agreement I of March 27, 1946. It is derived from the following figures which are final and not subject to amendment.

¹ TIAS 1509, *ante*, p. 745.

² TIAS 1509, *ante*, p. 700.

(a) Payments due to the Government of the United States from the Government of the United Kingdom

(i) Lend-Lease pipeline articles and services	\$234, 040, 131
(ii) Net balance of claims settled by this Agreement	4, 095, 000

TOTAL	\$238, 135, 131
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(b) Payments due to the Government of the United Kingdom from the Government of the United States

(i) Reciprocal aid pipeline articles and services	\$ 93, 418, 220
(ii) Balance owing under the Agreement Relating to Tort Claims (Agreement IX of March 27, 1946)	1, 250, 000
(iii) Net sum owing under the Agreement on Settlement of Intergovernmental Claims (Agreement II of March 27, 1946)	53, 020, 000

TOTAL	\$147, 688, 220
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(c) Balance due to the Government of the United States \$ 90, 446, 911

2. Terms of Payment

In accordance with the provisions of the Joint Statement of December 6, 1945 and the Agreement on Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangement (Agreement I) of March 27, 1946, the amount set forth in the first sentence of numbered paragraph 1 above will be paid on the same terms as those specified in the Financial Agreement of December 6, 1945 for the discharge of the credit provided therein.

3. Military Holdings

The Agreement Relating to Military Holdings (Agreement IV) of March 27, 1946 set forth certain mutual obligations of the two Governments in respect to lend-lease and reciprocal aid articles held by the Armed Forces of the United Kingdom and the United States respectively. The provisions of that Agreement remain in effect except for the following specific modifications set forth in subparagraphs (a), (b) and (c) below, which have been agreed in consideration of the other provisions of this Agreement.

(a) The Government of the United States relinquishes its right to the proceeds of any retransfers of lend-lease articles to third governments for military use (under paragraph 6 of Agreement IV) to which it has not yet given consent but may give consent after the date of this Agreement. The terms of settlement for such articles shall be at the full discretion of the Government of the United Kingdom.

(b) The Government of the United States relinquishes its rights, in respect to lend-lease articles which have been or are to be disposed of for civilian use outside the United Kingdom and British Colonial Dependencies (under paragraph 7 of Agreement IV),

- (i) to be offered the return of such articles,
- (ii) to grant or withhold approval of such disposal, except in respect to articles (other than those rendered, prior to disposal, unfit for military use) defined as arms, ammunition, and implements of war by Proclamation number 2776 issued by the President of the United States on March 26, 1948, 13 Federal Register 1623, March 27, 1948, and
- (iii) to any further proceeds of such disposal, except as has already been provided for by the Middle East Stores Disposal Agreement of January 7, 1948,³

to the extent that these rights have not already been exercised.

(c) The Government of the United States relinquishes its right, in respect to lend-lease articles disposed of for scrap (paragraph 8 of Agreement IV), to any further payment for net proceeds of such disposals not already received and not provided for by the Middle East Stores Disposal Agreement of January 7, 1948.

4. Specific Claims Accepted for Offset

During the course of the negotiations leading to this Agreement, representatives of the two Governments have discussed certain claims of each Government against the other, with the objective of arriving at as comprehensive a settlement as possible. The following claims were accepted by the Governments of the United States and the United Kingdom respectively for offset in this settlement and computed in the amounts indicated below in arriving at the net balance set forth in item (a) (ii) of numbered paragraph 1 above:

(a) Claims by the Government of the United States accepted by the Government of the United Kingdom

(i) Lend-lease interest in fixed assets in Iran disposed of by the United Kingdom	\$ 650, 000
(ii) Rentals of equipment to the Anglo-Iranian Oil Company since September 2, 1945	47, 000
(iii) Disposal of lend-lease uniform shorts in Kenya	285, 000
(iv) Sales of tires in the Middle East by the United Kingdom Commercial Company	130, 000
(v) Freight charges, ineligible for lend-lease, on transportation of United Kingdom Commercial Company supplies	1, 078, 000

³ TIAS 1698, *ante*, p. 843.

(vi) Lend-lease rubber retransferred to Finland	\$ 261, 000
(vii) Lend-lease rescue boats	300, 000
(viii) Financial interest in lend-lease military holdings of the British forces in Germany	5, 000, 000
(ix) Financial interest in lend-lease military holdings of the British forces, global, except Germany and the Middle East (to the extent covered by the Agreement of January 7, 1948)	2, 000, 000
(x) Supplies eligible for reciprocal aid	124, 000
(xi) Miscellaneous Middle East accounts	384, 000
(xii) Lend-lease airfield equipment	13, 000
TOTAL	<u>\$10, 272, 000</u>

(b) Claims by the Government of the United Kingdom accepted by the Government of the United States

(i) Non-reciprocal aid area disbursements prior to December 31, 1945	\$ 109, 000
(ii) Balance due on sales of trucks in the Middle East	733, 000
(iii) Balance due on Mediterranean area obligations	2, 578, 000
(iv) Reconditioning and reconversion of KPM Line ships	400, 000
(v) Services to British ships eligible for lend-lease	120, 000
(vi) Reciprocal aid interest in fixed assets in Iran disposed of by the United States	650, 000
(vii) Overpayments on lend-lease diversions and cost of guarding installations in East Africa	48, 000
(viii) Post-reciprocal aid diesel oil	793, 000
(ix) Transportation of equipment	43, 000
(x) Reciprocal aid interest in oil sold in Turkey, October 1945	65, 000
(xi) Miscellaneous European theatre claims	268, 000
(xii) Aircraft engines	300, 000
(xiii) Transportation and storage charges eligible for lend-lease	70, 000
TOTAL	<u>\$6, 177, 000</u>

5. Specific Claims Waived

During the course of negotiations leading to this Agreement, the following claims were considered by representatives of the two Governments and were not accepted for offset, but, in consideration of the other provisions of this Agreement, are to be regarded as taken into account and waived under numbered paragraph 7 hereof:

(a) Claims presented by the Government of the United States

(i) Diversions of lend-lease military holdings for use in East Africa groundnut production project reported to date, about	\$ 600,000
(ii) Fuel oil and subsistence provided to Royal Navy before September 2, 1945	23,000
(iii) Additional surcharge on lend-lease machine tools	293,000
(iv) Freights on coal transported to French North Africa	undetermined
(v) Diversions of lend-lease stores in British Somaliland	undetermined
(vi) Lend-lease interest in oil drums sold by the United Kingdom in the Middle East	undetermined
(vii) Rentals of equipment to Anglo-Iranian Oil Company before September 2, 1945	undetermined

(b) Claims presented by the Government of the United Kingdom

(i) Refund of ocean freight on insulation board	\$ 199,000
(ii) Repairs to ships in Rio	183,000
(iii) Freights on coal transported to French North Africa	962,000
(iv) Oil drums furnished to the United States forces in Europe	undetermined
(v) Stores and services furnished in the Middle East	387,000
(vi) Reconditioning of SS TJIBIDAK, SS KURIMARAU, SS TUNG SONG, and SS TEMARA	88,000
(vii) Salvage services, cargo of SS BELLO	16,000

6. Claims Excluded

The following types of claims between the two Governments are not covered by this Agreement and will be dealt with in accordance with procedures already established or to be established.

(a) Claims of and against the United States Maritime Commission, including those in which the United States Maritime Commission is the ultimate beneficiary or is ultimately liable, except as otherwise specified in this Agreement.

(b) Claims of and against the Reconstruction Finance Corporation and its subsidiaries.

(c) Claims of and against the Commodity Credit Corporation, except lend-lease claims.

(d) Claims arising out of the operation of the Cairo-Suez pipeline.

(e) Claims arising out of the so-called Tripartite Agreement of May 6, 1942⁴ between the Governments of the United States, the United Kingdom,

and Norway, and the so-called Quadripartite Agreements of 1942 ⁵ and 1943 ⁵ between the Governments of the United States, the United Kingdom, and Norway, and the original charterers of a number of tankers.

7. General Waiver of Claims

(a) The two Governments hereby agree that all financial claims whatsoever of each Government against the other which

- (i) have arisen or may hereafter arise out of lend-lease or reciprocal aid, or
- (ii) otherwise have arisen or may hereafter arise out of incidents or transactions occurring on or after September 3, 1939 and prior to September 2, 1945 connected with or incidental to the conduct of World War II, which are not otherwise dealt with in this Agreement or in the Agreements of March 27, 1946 are hereby waived, notwithstanding paragraph 4 of the Agreement on Settlement of Intergovernmental Claims (Agreement II), whether or not the liability for payment was acknowledged and the method of computation mutually agreed.

(b) The two Governments hereby agree that all financial claims whatsoever of each Government against the other which have arisen or may hereafter arise out of the furnishing of supplies and services by the Armed Forces of either Government to the other during the period from September 2, 1945 to December 31, 1945 inclusive are settled under the offsetting arrangements set forth in this Agreement, as was contemplated in the provisions of Agreement I of March 27, 1946.

(c) The two Governments hereby agree that all financial claims whatsoever of the United States Army (including the Air Force) against the Government of the United Kingdom which have arisen or may hereafter arise out of the furnishing of supplies and services during the period from January 1, 1946 to March 1, 1946 inclusive are hereby waived.

8. Miscellaneous Provisions

(a) To the extent that provisions of this Agreement are inconsistent with any provisions of the specific agreements (Agreements I-IX) of March 27, 1946, or any other related previous agreements or arrangements between the two Governments, the provisions of this Agreement shall prevail. The specific agreements of March 27, 1946 and any other previous agreements or arrangements between the two Governments, except in so far as they are not consistent with the provisions of this Agreement, shall remain in full force and effect.

(b) The provisions of this Agreement apply to the British Colonial De-

⁵ Not printed.

pendencies and their Governments as well as to the Government of the United Kingdom.

(c) Nothing in this Agreement affects the obligations of the Government of the United Kingdom in connection with silver transferred under lend-lease.

(d) This Agreement shall take effect upon signature.

DONE at Washington in duplicate this twelfth day of July 1948.

For the Government of the United States of America:

G. C. MARSHALL
Secretary of State
of the United States of America

For the Government of the United Kingdom of Great Britain and Northern Ireland:

OLIVER S. FRANKS
His Majesty's Ambassador Extraordinary and
Plenipotentiary to the United States of America